

CITY OF OLNEY
FIRE PENSION BOARD
OCTOBER 11, 2012

AGENDA #1 “CALL TO ORDER” The City of Olney Fire Pension Board met in the Fire Station at 1:43 p.m. on October 11, 2012, with President Rusty Holmes presiding.

AGENDA #2 “ROLL CALL” The following members were present: Fire Chief Rusty Holmes, City Treasurer Chuck Sanders and City Clerk Belinda Henton. Retired Firefighter Clarence Smith was absent

AGENDA #3 “APPROVE MINUTES FROM FIRE PENSION BOARD MEETING JULY 12, 2012” Mr. Sanders moved to approve the minutes from the Fire Pension meeting on May 2, 2012, Special meeting May 17, 2012, and special meeting May 22, 2012, seconded by Fire Chief Holmes. A unanimous voice vote was received.

AGENDA #4 “TREASURER’S REPORT” Mr. Sanders distributed the income and expense report for May 1 through September 30, 2012. One real estate tax payment has been received.

Firefighter Mike Hill arrived at 1:46 p.m.

Mr. Sanders reported there is approximately \$178,874.84 available for investment. One certificate of deposit matured on October 8, 2012 at First National Bank in the amount of \$150,000. The proceeds were deposited into the money market account at Citizens National Bank which is paying interest of .5%. There will be a certificate of deposit mature on January 18, 2013 in the amount of \$80,000.

Mr. Sanders distributed and reviewed the investment schedule.

Mr. Sanders presented the local banks and investment companies’ investment rates. Multi-Bank has contacted Mr. Sanders with their investment rates which were included on the handout provided to the board members. Before determining what to do with the \$178,000 available for investment, Mr. Sander suggested that the Board listen to the presentation to be made by Morgan Stanley.

Dan Schuman from McDonnell Investments and Eric Laughlin from Morgan Stanley were present to discuss the investments the Fire Pension has with their firm.

Mr. Laughlin reviewed the quarterly report. He reported the stock market has been doing well this summer. On July 17, 2012, \$250,000 was invested with Morgan Stanley, but as of September 28, 2012, the balance was \$249,709. Mr. Schuman explained it takes four to six months for the fund to perform.

Mr. Laughlin expressed his willingness to analyze the fund’s existing annuities to determine the fees that are being paid and assess their performance. The Board was agreeable to have the annuities reviewed.

Mr. Schuman explained his company's investment strategies and maturity structure. They purchase bonds with an average maturity of five to ten years. They do not buy any non-investment grade bonds. The average grade is AAA.

Mr. Laughlin suggested adding investments with Morgan Stanley over time. It is Morgan Stanley's job to determine how much should be invested in corporate bonds and government bonds.

Mr. Sanders expressed concern with the projected negative yields to maturity. Mr. Schuman explained the yield to maturity is not a true reflection. All yields will fluctuate based on inflation, market, etc. Historically, corporate bonds have given better yields than fixed income through certificates of deposit.

The Board contemplated where to invest the \$178,000.

Mr. Sanders expects the actuarial report will recommend a higher tax levy. The annual Fire Pension report was filed today.

It was noted that Firefighter Hill is only required to have 16 hours of training because he has been on the Fire Pension Board at least since 2008. Mr. Sander will correct this information in the annual report.

Fire Chief Holmes moved to invest \$100,000 with the investment manager at Morgan Stanley and \$75,000 at the Trust Bank for a two-year certificate of deposit at .8%, seconded by Firefighter Hill. A unanimous voice vote was received.

AGENDA #6 "DISCUSSION: TRAINING HOURS" Mrs. Henton moved to document 1 ½ hours of training with Morgan Stanley and McDonnell Investments for those attending this meeting, seconded by Fire Chief Holmes. A unanimous voice vote was received.

AGENDA #7 "ELECTION OF BOARD OFFICERS" Firefighter Hill moved nominate and elect Rusty Holmes as President, Mike Hill as Vice President and Belinda Henton as Secretary, seconded by Mr. Sanders. A unanimous voice vote was received.

AGENDA #8 "SCHEDULE NEXT MEETING" The next Fire Pension meeting was tentatively scheduled for January 24, 2013 at 1:30 p.m.

AGENDA #9 "ADJOURN" Firefighter Hill moved to adjourn, seconded by Mrs. Henton. A unanimous voice vote was received.

The meeting of the Fire Pension Board adjourned at 3:26 p.m.

Belinda C. Henton
Secretary